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Memorandum

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TO : DIRECTOR, FBI (100-339235) CIA HAS NO OBJECTION TO
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FROM : SAC, NEW YORK (100-42479) RELEASE OF CIA INFORMATION
IN THIS DOCUMENT. K 9-22-97

SUBJECT: SUSAN HEILIGMAN FRANK
IS - CH

CLASSIFIED BY 5668 SLD/GCL
DECLASSIFY ON: 25X(1)(u) Classified by SPB/MAC/GCL
(JFK) 3/27/98 4/26/98 Declassify on: OADR (JFK)

Rebulet 1/27/65.

NY 694-S* advised SA A. C. BURLINSON on 2/11/65 that he does not know what information GUS HALL has to back up his statement that the subject is the "Chinese paymaster." NY 694-S* stated that it is his opinion that since HALL knows that the subject has been in China and is now working day and night for the Chinese cause, she must be a Chinese agent. NY 694-S* advised that HALL is inclined to "talk off the top of his head."

A review of the subject's banking activities since September 1963 has not revealed any unexplained financial transactions. All deposits and withdrawals are in line with her income.

Concerning the statement attributed to PHILIP BART that the pro-Chinese group in New York has four permanent employees and an enormous sum of money at its disposal, it is pointed out that the group in New York which adheres strictly to the Chinese Communist line is the Progressive Labor Movement (PLM). (X)(u)

The subject is in frequent contact with the leaders of the PLM.

A review of the PLM file in the NYO and information furnished by NY 4661-S indicates that MILTON K. ROSEN, FRED JEROME, LEVI LAUB and JACOB ROSEN are the leaders of this organization and have no means of support outside of the PLM.

PHILIP LUCE in a conversation with HERBERT ROMERSTEIN, an admitted former Communist Party member, has stated that these individuals completely dominate the PLM.

From the above it would appear that the pro-Chinese group referred to by BART is the PLM and the four individuals mentioned above are the four permanent employees referred to by BART. (X)(u)

2 - BUREAU RM
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DAF:EMD

7 MAR 19 1965

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These four individuals are the subjects of Bureau investigations.

These four individuals are in frequent contact with the subject and her husband, RICHARD C. FRANK. *NY. - Eng*

Concerning the financing of the PLM, PHILIP LUCE advised ROMERSTEIN that he believes the funds for PLM come from China but he does not know how.

NY 4661-S recently went to Canada on PLM business. While there he met ABE MAINHEIM, who works as a translator for the Hsinhua News Agency, as well as two Chinese nationals employed at the news agency. MAINHEIM spent several years in China and is planning to return to China.

NY 4661-S had several discussions with these people about the various PLM publications. During one of the discussions it was brought out that PLM is apparently getting outside funds to pay their staff, operate a press shop and print their publications. It was brought out that PLM might be getting money from Peking, to which MAINHEIM replied, "They probably are." MAINHEIM indicated the Communist Chinese would be willing to subsidize an organization similar to PLM.

A review of the PLM file indicates that this organization, although relatively new, does not seem to have financial difficulties.

The Bureau of Special Services, New York City Police Department, who have an interest in PLM because of their involvement in racial rioting in NYC, has advised that PLM seems to be well financed. BSS advised that the PLM seems to go from a period of letting bills pile up to a point where they pay all their bills and have plenty of money.

NY
In the summer of 1964 the NYC PD arrested WILLIAM L. EPTON, a PLM leader, on charges of criminal anarchy. EPTON had five \$100.00 bills in his possession at the time. The serial numbers of the bills EPTON had were in the same sequence as the bills discovered on a Chinese Intelligence Agent previously arrested

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in South Korea, who was carrying \$200,000.00 in American currency and \$1,000,000.00 in Korean currency. The closeness of the serialization (56 numbers apart in one instance) would tend to indicate EPTON'S money was part of the same shipment as the money in the possession of the Chinese agent, but, of course, it would not be possible to prove the money was all a part of one shipment.

During the race riots in the summer of 1964 another PLM member was being questioned by a grand jury about reports that he had been carrying \$5000.00 on his person. He said he had no recollection of this, but did say that he had received some money recently from the settlement of an estate.

NY In the latter part of 1964, ~~FRED JEROME~~, ~~JACOB ROSEN~~ and ~~LEVIN LAUB~~ were discovered late at night by police in Westchester County in the act of burying two attache cases wrapped in plastic. They had a rented car and two brand new shovels. JEROME told police the attache cases contained old family records and it was his mother's wish that they be buried on this estate. Police checked with ~~JACOB RODMAN~~, owner of the estate, who said they had his permission to bury the records. RODMAN was a CP member in the 1940's and has been employed as a correspondent in Moscow for a British newspaper. He and his wife were uncooperative witnesses when they appeared before the HCUA. The police did not open the attache cases. ROSEN and the others said they would return the next day, during the daylight hours to complete their task, but they did not. *NY*

Both PHILIP LUCE and NY 4661-S have stated that publications of PLM are sent to China and the Chinese send money to PLM in payment for these publications. Information has been received that such a transaction was handled through the Two Continents Commodity Corp. (Chicago letter to Bureau dated 3/25/64 captioned "Communist Party, USA - Factionalism; IS - C") This may be a source of the money coming from Peking to PLM.

Recently WILLIAM L. EPTON told an individual that if he wished to make a tax-free donation to PLM the individual should donate the money to the Louis M. Rabinowitz Foundation (Bufile 97-4878) and this foundation in turn would give the money to PLM.

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This also may be a source of income for the PLM.

✓ NY 4047-S* has advised that the subject is in frequent contact with MILTON K. ROSEN, FRED JEROME, LEVI LAUB and JACOB ROSEN.

This informant has also advised that the subject is in frequent contact with JAMES and ANN LEE, of the "China Daily News." NY.

Eng [RICHARD C. FRANK is reported to have met with TANG Ming-chou in London in 1964.] TANG is one of the founders of the "China Daily News" and is reported to be the head of political intelligence in English-speaking countries for the Government of Communist China.

NY 4112-S* has produced information that the subject has been in contact with TANG Ming-chou. (Page 31, report of SA DANIEL A. FLYNN, dated 5/4/64, at New York). This informant has also produced evidence that the subject may have been in covert contact with the New China News Agency in London. (Legat, London letter to Bureau 6/29/64 and NYlet to Bureau 7/30/64.)

There is strong evidence to indicate that the subject attended a meeting of pro-Chinese militants held in Albania in August 1964. (u)

> The above information indicates that the subject maintains contact with the Chinese community in New York through JAMES and ANN LEE, the Chinese Communist Government through TANG Ming-chou and the New China News Agency and the PLM. This gives rise to the possibility that she may be the "Chinese paymaster."

If the subject is the "Chinese paymaster" these funds could come to her from China through Chinese seamen or Chinese traveling from Hong Kong to the U. S. who would transfer these funds to the LEES and thence to the subject.

Since the recent establishment of offices of the New China News Agency in Canada and in Mexico, these funds could come to the subject through these agencies of the Chinese Government. It is to be noted that NY 4047-S* has recently advised that the

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subject and her husband had intended to go to Mexico but have postponed these plans indefinitely.

It is to be noted that LEO ^{NY.}HUBERMAN, alleged to be a contact of TANG Ming-chou, is currently in Mexico City.
(Bufile 100-8436)

It is also to be noted that PLM has an organization in Canada and PLM members from New York travel to Canada where they may secure funds from either the New China News Agency directly or from PLM in Canada.

The NYO realizes that the best coverage of the subject's activities is live informant coverage, and to this purpose the NYO is attempting to put NY [4082] S in touch with the subject. (S)

The NYO is also remaining alert for an opportunity to develop sophisticated coverage of the subject's activities at her residence.

(S) [The Bureau is requested to contact the Legats at Ottawa and Mexico City to request them to contact established sources to determine if funds from the New China News Agency in these Cities is being sent to banking channels in the U. S. (S)] (S)

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